

accrue primarily to the NAFTA partners. At the same time, care is being taken to ensure that any certification process required under the agreement does not itself represent an unnecessary administrative burden on goods and service traders in North America.

The three parties have agreed to seek an important liberalization of their government procurement regimes, using the GATT Procurement Code plus the Canada-U.S. FTA commitments as the starting point for further improvements. Negotiators in this group are also discussing the possibility of including services procurement within the set of obligations to be agreed upon. Canada and Mexico both believe that negotiation of the U.S. Small Business Set-Aside and Buy America programs is an important objective to be pursued in this group. Buy America programs restrict the ability of Canadian suppliers in the urban transportation and telecommunications sectors. Canada is also interested in liberalizing the purchasing practices of Mexico's parastatal sector (Crown Corporation equivalents) which accounts for some U.S.\$ 8.1 billion of procurement business annually.

The agriculture negotiating group has met five times with the most recent meeting being held on October 21-22 in San Antonio, Texas. Experience under the Canada-U.S. FTA shows that while bilateral, or regional, progress can be achieved, several of the core problems in international agricultural trade can only be fully addressed at the multilateral level. Thus Canada continues to emphasize the importance of achieving a balanced result in the Uruguay Round. In the NAFTA context, there has been progress made with respect to rules of origin and on tariff reductions. Discipline on the use of export subsidies in intra-NAFTA trade is also a key element in the negotiations. Also under discussion are possible measures dealing with sanitary and phytosanitary issues, non-tariff measures, and a special agricultural safeguard provision.

In the opening round of negotiations, Mexico identified, as a central NAFTA objective, the reform of the U.S. anti-dumping regime and the establishment of a special NAFTA panel mechanism which reviews both subsidy/countervail and anti-dumping determinations. The U.S. sees considerable merit in first concluding the negotiations well advanced in the MTN. Canada shares Mexico's desire to see greater discipline extended to trade remedy procedures, but believes that priority at this point should be given to the MTN. Canada's objectives in the area of safeguards are to develop an emergency safeguard mechanism which would improve Mexican procedural and institutional standards of transparency and to craft a transitional period tariff snap-back provision capable of addressing effectively any Canadian import sensitivities.